Finance Report Summary, Financial Year 2019/20
August 2019

Executive Summary

August 2019 represents the fifth month of the financial year. The current forecast is showing an anticipated deficit of £230k at the year end. The main driver towards the deficit is the year to date underachievement of the DP fee income. At the end of the period the ICO had collected 95% of the forecast income for the year to date. The shortfall in income collected is £900k at the end of the period.

The travel and legal budgets are both facing considerable pressure and the year-end forecasts for each have been updated to reflect the potential overspend against each area. Both of these budgets are forecast to be greater than the initial budget set which is a reflection of the increase in demands on the organisation.

There is an increase in other income which is due to increased income to cover the costs of pensions and additional income to partly offsets the costs of litigation. Finally there are areas of potential savings that are achievable in various areas within the organisation.

Description	YTD	April	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	*Year end forecast*	Total Budget	Variance to Budget
	RAG RATING	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	*£'000*	£'000	£'000
DP FEE INCOME	**A**	3,764	4,611	3,644	3,639	3,132								***45,260***	***46,560***	**(1,300)**
GRANT IN AID	**G**	386	386	386	386	386								***4,626***	***4,626***	**0**
OTHER INCOME	**G**	107	107	107	254	207								***2,626***	***1,273***	**1,353**
OFFICE COSTS	**A**	246	387	69	249	210								***2,978***	**2,651**	**(327)**
STAFF COSTS	**G**	2,833	2,847	4,496	2,884	3,120								***38,660***	***38,660***	**0**
TRAINING AND RECRUITMENT	**G**	66	85	32	61	62								***805***	***835***	**30**
IT COSTS	**G**	244	280	279	348	287								***3,492***	***3,625***	**133**
PROJECT SPEND	**G**	81	272	507	328	125								***1,785***	***2,500***	**715**
COMMUNICATIONS	**G**	109	41	41	46	24								***584***	***684***	**100**
FINANCIAL COSTS	**G**	9	6	6	14	10								***188***	***188***	**0**
TRAVEL	**A**	102	99	92	87	51								***945***	***687***	**(258)**
LEGAL, PROFESSIONAL & OTHER	**A**	94	477	264	101	355								***2,651***	***1,978***	**(673)**
CAPITAL SPEND	**G**	0	0	0	0	0								***650***	***650***	**0**
OPERATING SURPLUS	**A**	470	608	-1,650	160	-520								***(229)***	***0***	**(229)**

Key	**RAG RATING**
On track	**G**
Not on track but expected to be at budget at year end	**A**
Not expected to be at budget at year end	**R**

Income

The DP income for the month of August is adverse by £0.5m against the budget for the month. Overall it is adverse against the year to date budget by £900k. Year to date, the ICO has collected Data Protection fees of £18.8m against a budget of £19.7m.

For the remainder of the financial year the organisation is assumed to be back on profile for the Data Protection fee income. Work is continuing to grow the register and bridge the gap in the fees income.

The Grant in Aid income covers income for Freedom of Information - £3.75m for the full year, NIS (Network and Information Systems Regulations) - £500k for the full year, eIDAS (electronic identification and trust services) -£46k for the full year and IPA (Investigatory Powers Act) - £330k for the full year. This is all on track for the year and is received in tranches.

Other income mainly includes a budgeted £1m of income from DCMS to cover the increase in pension costs, this has recently been confirmed at a higher rate of £1.442m, which has now been included in the latest forecast. This is for one year only and offsets a corresponding cost in the staffing budget.

Also within other income is £650k which is additional income to cover the increased costs of litigations. This is an assumed amount of income that the ICO is expecting to receive from DCMS to partly offset the cost of litigation. The ICO is facing considerable costs associated with on-going litigation and is anticipated that these increase in line with the significant fines being issued.

DP Fee Income actuals vs budget per month

Month	BUDGET 2019/20	2019/20 Actual	*Variance to Budget*
April	**3,500**	**3,764**	***+264***
May	**4,765**	**4,611**	***-154***
June	**3,897**	**3,644**	***-253***
July	**3,910**	**3,639**	***-271***
August	**3,639**	**3,132**	***-507***
September	**3,987**		
October	**4,161**		
November	**4,010**		
December	**2,817**		
January	**3,883**		
February	**3,777**		
March	**4,213**		
Total	**46,559**		

Expenditure

A number of lines of expenditure are outside the expected outturn, with Travel and Legal, Professional & Other being prominent. Travel expenditure will need careful monitoring and management. Legal expenses are also tracking above the anticipated levels of spend. Expenditure on travel and legal are tracking at much higher levels than budgeted and are expected to be adverse to budget for the full financial year.

The staffing budget includes the assumed increase in costs of higher pension contributions and includes assumptions on the cost of Career Progression and revalorisation. The overall forecast for staffing costs for the financial year is expected to be at budget.

End of year position:

The year end is forecast to be a slight deficit, which is mainly driven by the underachievement of Data Protection fee income, increases in other income and some costs savings along with increases in travel and legal costs. The forecast will be reviewed on a monthly basis and updated to reflect the latest position particularly with the profiling of the fee income.

Cash Flow

The cash position will need careful monitoring throughout the year. A new forecast has been undertaken, which underlines the need for careful management of expenditure throughout 2019/20.